

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 COME-00 STR-04 TRSE-00

L-03 CIAE-00 INR-07 NSAE-00 /033 W

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R 221625Z JUL 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 6932

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 6426

E.O. 11652: GDS

TAGS: EAGR, ETRD, BR

SUBJ: COPERSUCAR - HILLS BROS SUGAR EXPORTS TO THE U.S.

REF: BRASILIA 5718

1. SUMMARY. SUGAR AND ALCOHOL INSTITUTE (IAA) OFFICIAL HAS ASKED WHAT WOULD BE USG REACTION IF COPERSUCAR WERE DIRECTLY TO EXPORT SUGAR TO THE U.S., THUS BYPASSING IAA. REQUEST DEPT. GUIDANCE ON RESPONSE. END SUMMARY.

2. IN CONVERSATION WITH CONGEN RIO OFFICER, TEIXEIRA LEITE, EXPORT DIRECTOR OF THE ALCOHOL AND SUGAR INSTITUTE (IAA), RAISED THE SUBJECT OF HILLS BROS PURCHASE (REFTL) BY JORGE WOLNEY ATALLA, COPERSUCAR PRESIDENT. LEITE REPORTED THAT ATALLA, WHO IS A PERSONAL FRIEND, TOLD HIM THAT THE REAL OBJECTIVE OF THE HILLS BROS PURCHASE WAS TO MARKET SUGAR IN THE U.S. ATALLA'S GOAL IS TO RETAIL ONE MILLION TONS PER YEAR OF BRAZILIAN SUGAR THROUGH HILLS BROS. ALTHOUGH CURRENT BRAZILIAN LAW ALLOWS ONLY THE IAA TO EXPORT SUGAR, LEITE SAID HE BELIEVES THAT ATALLA IS SUFFICIENTLY POWERFUL TO HAVE THE LAW CHANGED.

3. LEITE WAS INTERESTED IN WHAT WOULD BE THE U.S. REACTION TO ATALLA'S PLAN. HE STRESSED THAT THIS WAS A COMPLETELY UNOFFICIAL REQUEST AND EVEN SUGGESTED THAT CONGEN OFFICER

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MAKE THE INQUIRY AS IF IT WERE FOR THE CONGEN'S OWN INFOR-

MATION. CONGEN OFFICER REPLIED HE WOULD INFORM LEITE IF HE WERE ABLE TO DEVELOP ANY INFORMATION.

4. COMMENT. EMBASSY AND CONGEN FIND LEITE'S STATEMENT THAT ATALLA AND COPERSUCAR COULD BREAK IAA'S LONG-STANDING SUGAR EXPORT MONOPOLY, IF TAKEN ON ITS FACE, INTERESTING. AT PRESENT A GOB EXPORT MONOPOLY SEEMS TO CONTINUE TO HAVE BASIC SUPPORT, AND THERE IS LITTLE OVERT EFFECTIVE SENTIMENT FOR SUBSTITUTING IT WITH PRIVATE SUGAR BROKERS, INCLUDING MULTI-NATIONALS.

5. IT IS POSSIBLE THAT LEITE'S TESTING OF THE WATERS INDICATES THAT THE GOB IS CONSIDERING WHETHER TO GRANT FAVORED TREATMENT TO COPERSUCAR-HILLS BROS., E.G., SPECIAL ACCESS TO IAA SUPPLIES. THE POTENTIAL BENEFITS OF STABLE, ASSURED ACCESS TO THE U.S. MARKET THROUGH NEW INSTRUMENTS (E.G., THE PHILIPPINE PARTICIPATION CONTRACTS) HAVE NOT BEEN LIST ON THE BRAZILIANS.

6. ACTION REQUESTED. GUIDANCE ON ANY COMMENTS EMBASSY CAN PROVIDE TO IAA AND THE GOB.
CRIMMINS

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Message Attributes

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